

Labor & Economic Briefing



A Progress Report on the Michigan Department of Labor & Economic Growth

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**"Greenville's leadership and its outstanding workforce helped win United Solar Ovonics' major new investment, adding another strong anchor for Michigan's alternative energy industry."
- Gov. Granholm**



**Robert W. Swanson,
Acting Director**

New Labor & Economic Briefing Launch

New Look for Labor & Economic Briefing: The Labor & Economic Briefing has a new look and returns to its regular schedule. The briefing will continue to provide monthly updates on Department of Labor & Economic Growth (DLEG) news. We hope you like the new and improved version! To subscribe, email mediainfo@michigan.gov.

Swanson Named Acting Director



Robert W. Swanson

Swanson Named Acting DLEG Director: Governor Jennifer M. Granholm named Deputy Director Robert W. Swanson as Acting Director effective Feb. 6th. He succeeds David C. Hollister who stepped down to take over the leadership of a new non-profit regional economic development organization. Swanson has served as deputy director for three years and director of finance for the city of Lansing for eight years. Swanson has also spent over 22 years in various financial management positions with Michigan State Government. He has served as Director of Research and Statistics for the Michigan Department of Treasury, as Director of the Office of Planning, Budget, and Evaluation and as Director of the Budget and Legal Services Administration for the Michigan Department of Social Services, and as Staff Director for the Committee on Taxation of the Michigan House of Representatives.

Preparing a 21st Century Workforce

Granholm Applauds Decision Awarding Michigan More Than \$30 Million in Federal Workforce Innovation Grants: Governor Jennifer M. Granholm applauded a decision to award Michigan two \$15 million grants and a \$100,000 planning grant under the highly competitive Workforce Innovation for Regional Economic Development (WIRED) Program. Granholm submitted the applications on behalf of 3 Michigan communities and all three received a WIRED designation. Michigan is the only state in the nation to have 3 WIRED designees. The WIRED grants will support community partners' efforts to harness the regions' unique resources to transform their local economies. The grants will also be used to expand employment and worker development opportunities in the award regions. These workforce programs will target workers whose jobs have been impacted by globalization.

The WIRED recipients include:

- **Mid Michigan Innovation Alliance**, a region that includes 13 counties incorporating Flint, Lansing and Saginaw. The proposal was developed under the leadership of the



Secretary of Labor for Employment and Training Emily Stover DeRocco visited Michigan State University to celebrate the designation of the Mid Michigan Innovation Alliance as a WIRED recipient.

Charles Stewart Mott Foundation, Genesee County Economic Development Agency, and Michigan State University. A key element of the Mid Michigan proposal is to refocus automotive supplier firms once tied to GM to emerging and growing manufacturing markets as well as the development of an alternative energy sector. This proposal builds on the strong automotive, educational and philanthropic assets of the region.

- **West Michigan Workforce Innovations Lab**, a seven county region anchored by Grand Rapids and led by the West Michigan Strategic Alliance at Grand Valley State University. The West Michigan proposal centers on an "innovations lab" designed to advance and spawn a wide range of innovations in its regional workforce development system focusing on four areas of innovation.

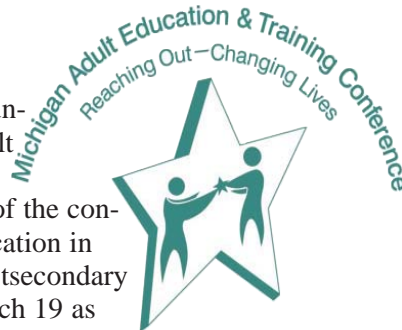
Each of these regions will receive approximately \$15 million over the next three years as well as ongoing technical assistance from leaders of innovation and regional economic growth. Additionally the **Southeast Michigan Development project** was selected by the US Department of Labor to become one of its "Virtual WIRED Regions." As a Virtual region, the group will receive technical assistance from the U.S. Department of Labor to support regional workforce activities, including a

\$100,000 planning grant. Governor Granholm has continued to work closely with the congressional delegation to seek more federal support for workforce development and job training for workers affected by auto industry restructuring.

Work First Incentive Awards Announced: Work First Incentive Awards totaling \$2,343,669 to 23 Michigan Works! Agencies were announced for the current fiscal year. "These awards recognize the efforts of Michigan Works! in providing Michigan residents with the training and educational services they need to get good paying jobs for themselves and their families," Gov. Granholm said. Michigan Works! agencies receive the incentive awards based on their performance serving and placing Work First participants during previous fiscal year. The awards will be used to enhance services provided to Work First participants across the state. The awards are funded with federal Temporary Assistance for Needy Families and the existing DLEG budget. The goal of Work First is to assist Michigan's low-income citizens in obtaining employment or higher paying employment, thereby, reducing or eliminating the need for public assistance. Funding for Work First is provided by the State of Michigan and the U.S. Department of Health and Human Services and is administered by the DLEG's, Bureau of Workforce Programs. A table with the specific funding amounts for each Michigan Works! agency is available at http://www.michigan.gov/cis/0,1607,7-154-10573_11472-137778--,00.html. To view an interactive map of the state's 25 Michigan Works! regions and the counties included in each region, go to <http://www.michiganworks.org>.

DLEG Hosts First Annual Michigan Adult Education & Training Conference.

More than 450 adult education administrators, teachers and support staff, literacy council members, workforce developers, corrections personnel and others involved in adult education, participated in 2006 Michigan Adult Education & Training Conference, which was held March 20-23 at the Radisson Plaza Hotel in Kalamazoo. The theme of the conference was Reaching Out - Changing Lives, which reflects the mission of adult education in Michigan to ensure that adult learners improve literacy and numeracy, succeed in postsecondary education and obtain employment. Governor Granholm proclaimed the week of March 19 as Adult Education Week in Michigan. The event was sponsored by the Office of Adult Education and Spanish-Speaking Affairs in the Bureau of Career Education Programs. Keynote speakers included Bob Swanson, DLEG acting director, David Feenstra, principal of Hudsonville High School, Dr. Charles Petty, nationally known speaker and president of Family Success Unlimited, and Dr. Thomas G. Sticht, international consultant in adult education. More than 50 breakout sessions were offered on the latest best practices and model programs, focusing on topics such as building an ethical workforce, computers and technology in the adult ed classroom, testing strategies, literacy and diver-



sity, GED content standards, distance learning, and many more. A highlight of the conference was the presentation of 22 distinguished service awards and lifetime achievement awards given in recognition to individuals, partnerships and best practices that have contributed greatly to adult education in Michigan.

State Announces Funds for Workforce Investment Act Incentive Grant: Gov. Granholm announced \$1,000,000 in Workforce Investment Act (WIA) Statewide Activities Incentive Grant funding to 23 Michigan Works! Agencies in the state. The WIA provides workforce development and job training activities and training to youth, adults and dislocated workers. "These funds will help ensure that employers and workers throughout the state of Michigan receive the services they need to remain competitive in today's global economy," Granholm said. The WIA incentive funding is provided to those Michigan Works! Agencies that have met and exceeded the 17 WIA performance measures as dictated by the United States Department of Labor (USDOL). The funding may be used for any program authorized under WIA Title I benefiting youth, adults and dislocated workers. The WIA program is administered by DLEG for the USDOL through the Bureau of Workforce Programs, Workforce Investment Act Section. For a list of grant recipients please visit: http://www.michigan.gov/cis/0,1607,7-154-10573_11472-135828--,00.html.

Creating & Retaining Michigan Jobs



United Solar Ovonic Bringing High-Tech Manufacturing Facility, 200 New Jobs to Greenville: Governor Jennifer M. Granholm announced that Auburn Hills-based United Solar Ovonic LLC, a wholly owned subsidiary of Energy Conversion Devices, Inc. of Rochester Hills (ECD Ovonic) (NASDAQ:ENER), plans to build a new, high-tech Ovonic solar cell manufacturing facility in Greenville. The Governor, the state, and the

Michigan Economic Development Corporation (MEDC) have been actively working with the community to bring new industry to Greenville. The project will create up to 563 jobs, including 200 directly by the company, within the next five years. This project paves the way for the potential of five more plants and up to 1,000 additional jobs in Michigan. MEDC assistance helped convince the company to choose Greenville over a competing site in South Carolina. "Since the day Electrolux announced its closing, we have worked fervently to bring new jobs for Greenville," Granholm said. "Greenville's leadership and its outstanding workforce helped win United Solar Ovonic's major new investment, adding another strong anchor for Michigan's alternative energy industry." The MEDC approved a Single Business Tax credit valued at \$5.7 million over 20 years to win the company's business. A \$5 million federal Community Development Block Grant approved by the MEDC and awarded to the city of Greenville will fund needed infrastructure improvements to support the new plant. The city has proposed a tax abatement valued at approximately \$3.6 million over 12 years for the project. The MEDC and city are expected to support a 15-year, tax-free Renaissance Zone for the site, worth an additional \$20.4 million to the company. With additional funding for training assistance, the state and local incentive package totals approximately \$37 million for the 50MW expansion. State and local governments are also providing United Solar Ovonic with additional incentives to invest up to an additional \$600 million for up to five more plants in Greenville and up to 1,000 new jobs. DLEG's Bureau of Workforce Programs is providing \$1.5 million in Workforce Investment Act money to train employees for these solar cell jobs. Also playing important roles were DLEG's partners at Montcalm Community College, their MTEC, and the Central Area Michigan Works!.

MEDC Helps Bring Six Projects to Light; More Than 1,000 Jobs Expected: On March 14th, Michigan Economic Development Corporation Executive Vice President Sandy Ring joined representatives from local partner organization, The Right Place, Inc. and company leaders to officially announce a major new expansion of Surefil LLC. The company will establish a new headquarters and manufacturing facility in Kentwood instead of a competing out-of-state location. The project will create 442 new jobs, including 278 directly by the company. A Single Business Tax credit offered by the MEDC and valued at more than \$3.7 million over 10 years helped win the company's \$6.2 million investment. The city of Kentwood has

proposed a tax abatement valued at approximately \$338,000 over 12 years to support the project. Surefil LLC is a newly formed, privately held contract manufacturer of personal care and medical products such as lotion, hand soap and shampoo. The same day, Governor Granholm announced another company expansion and four brownfield redevelopment projects resulting from assistance offered by the MEDC. They are as follows:

- The city of Detroit will use state and local tax capture valued at \$352,846 to help redevelop a blighted, long-vacant historic structure next to the Bonstelle Theatre on the campus of Wayne State University. The developer, PPM Acquisitions LLC, will invest about \$2.4 million to redevelop the turn-of-the-century former print shop into a 32,000-square-foot retail complex. The project is expected to create 23 new jobs.
- The city of Grand Rapids will partner with Fulton and Division LLC to redevelop a vacant site located near the Heartside neighborhood on the city's south side. The developer will use state and local tax capture valued at \$534,025 and invest about \$14 million to help construct a new 10-story building that will house a hotel, condominium units, retail and office space. The project is expected to create 100 new jobs.
- The city of East Lansing will work with Holiday Townhouse LLC to redevelop the former Greyhound bus station in East Lansing. The developer will invest about \$5.2 million and use more than \$1.8 million in state and local tax capture to transform the property into a mixed-use development with 21 condominiums, 15 townhouses and nearly 9,000-square-feet of retail space. The new development, to be known as the West Village, is expected to create 40 new jobs.
- Marisa Industries Inc. will expand its manufacturing operations in Auburn Hills creating 372 new jobs, including 223 directly by the company. A Single Business Tax credit valued at more than \$2.2 million over nine years convinced the company to invest \$14.4 million in Michigan over a competing site in Kentucky. The city of Auburn Hills has proposed a six-year tax abatement valued at \$36,000 for the first year to support the project. Marisa and its subsidiary BAE Industries Inc. supply and design metal stampings and mechanisms including seat, door and trunk latches for the auto industry.
- The city of Owosso will team with Robbins Loft LLC to redevelop the former Robbins Furniture store and warehouse using state and local tax capture valued at \$312,573. The former furniture showroom building located on Main Street will be renovated to include retail and office space on the first two floors and deluxe loft apartments on the third floor. The former warehouse on Robbins Street will house apartments and a prospective health and fitness club. The \$1.8 million project will create 29 new jobs.

MEDC Supports Company Expansion in Iron County: On March 14 an MEDC official joined local and company leaders to announce a \$590,000 grant to Iron County to help Global Response North expand its operations. The project is expected to create 85 new jobs and generate \$1.2 million in private investment. The grant is being made available by the MEDC with funds provided by the federal Community Development Block Grant program. The MEDC originally awarded \$253,563 to Iron County for the project. Since the approval of the original funding, the project has grown in size and now Global Response will require additional workspace and create 85 instead of the original 30 jobs. The private investment in this project has also increased to more than \$1.2 million from the original investment of \$562,000. These enhancements justified a \$354,437 increase to the grant. Iron County will use the grant to assist with purchasing and refurbishing the interior of a building to be leased to Global Response North for its customer contact operations. The county will contribute an additional \$445,000 to support the project. Global Response North is a startup company affiliated with Global Response, a well-established firm with more than 30 years of experience in the contact center industry sector.

MEDC Part of New Public-Private Partnership to Spur Job Creation: Governor Granholm and Charter One Bank President & CEO Sandra E. Pierce on February 23 announced an unprecedented new partnership in which Charter One will

offer \$200 million in loan funds at a very low interest rate to companies that commit to creating or expanding jobs in Michigan. The Charter One Job Creation Loan Program is the first of its kind in Michigan and is scheduled to be in operation over a two-year period. The new loan pool requires borrowers to create a minimum of one full-time job for every \$40,000 borrowed at the fixed interest rate of 4.99 percent (2.51 percent below today's prime rate) for the life of the loan. After 12 months, the offering rate for the program may be reset and would be available for any loan booked in the second year of the program. The term of the loan will require that the specified jobs be created within three years after the funds are borrowed. The minimum loan size is \$1 million, and the maximum is \$10 million. MEDC will market the unique program to companies already in Michigan and those businesses considering relocating to the state. The agency will also conduct annual audits to certify that borrowers fulfill job creation commitments. In addition, MEDC and Charter One will partner closely with the economic development arms of the city of Detroit and Wayne, Oakland and Macomb counties. Companies interested in obtaining more information about the program can log on to www.michigan.org or e-mail medceconomic@michigan.org or contact the MEDC at 888-522-0103.

Hundreds of Researchers, Entrepreneurs To Compete for 21st Century Jobs Fund Awards: By the February 17 deadline, the MEDC received 791 letters of intent for projects seeking to benefit from up to \$100 million in the first round of funding available through the 21st Century Jobs Fund this year. Letters of Intent were received from universities, nonprofit research institutions and corporations, businesses and entrepreneurs through an online submission process. Of the letters received, a total of 242 were in life sciences, 235 in advanced automotive, manufacturing and materials, 127 in homeland security/defense and 69 in alternative energy. An additional 118 covered multiple areas in commercialization services. The first round of awards expected to be announced in July. More information about the 21st Century Jobs Fund including online applications, timetables and instructions can be found at <http://www.michigan.org/21stCentury>.

Governor Announces Projects to Create, Retain Nearly 1,200 Jobs: On February 14 Governor Granholm announced a company expansion and two brownfield redevelopment projects that are expected to create nearly 1,200 new jobs and generate more than \$97 million in private investment in Michigan. The expansion and redevelopments are a result of assistance offered by MEDC.

- BioPort Corporation will invest \$75 million to expand its facility in Lansing, retaining 952 jobs, including up to 322 directly by the company. A Single Business Tax credit valued at more than \$6.3 million over 10 years helped convince BioPort to expand in Michigan over a competing site in Maryland. The city of Lansing is considering tax abatements valued at more than \$9 million for up to 15 years to support the project. Lansing-based BioPort is the only FDA-approved manufacturer of the anthrax vaccine in the country and has contracts with the U.S. Department of Defense and the U.S. Department of Health and Human Services to supply the vaccine.
- Irish Twins Group LLC to redevelop a former industrial site in Grand Rapid's North Monroe area. The developer will use state tax capture valued at \$420,175 to convert the site located at 801-803 Ionia Street into a multi-use commercial and entertainment facility that will also feature office space and covered parking. The project is expected to involve more than \$9 million in private investment and create up to 200 new jobs.
- Steel Industries Inc. will invest \$13 million to expand in Redford Township. The company will use state and local tax capture valued at \$943,971 and a \$976,175 brownfield Single Business Tax credit to demolish existing structures and redevelop the former J.L. Peters Company site which is adjacent to the company's current facility. Steel Industries will build a new 61,000-square-foot building and a parking lot. The project is expected to create 20 new manufacturing jobs. Founded in Detroit in 1913, Steel Industries specializes in custom open die forgings and seamless rolled rings for the power generation, machine tool, construction and transportation industries.

State Funds to Secure 120 Jobs at Two Bay Area Companies: A total of \$45,483 in Economic Development Job Training (EDJT) funding will be used to upgrade the skills of 50 current employees and train 70 new hires at two companies in Saginaw and Oscoda. The funding, awarded by the MEDC, will provide workers with state-of-the-art training in manufacturing process improvement and information technology. Under the terms of the award, a qualified educational institution will

administer the training and each company will provide a minimum 25 percent funding match. The educational institutions and the two companies benefiting from the grants are:

- Assembly Technology & Test, Saginaw - \$15,483 for 50 current, 10 new employees trained through Saginaw Valley State University
- Crusecom Technology Inc., Oscoda - \$30,000 for 60 new employees trained through Alpena Community College

Skills Upgrading to Secure 1,196 Jobs at Five Southeast Michigan Companies: A total of \$1.2 million in EDJT funds has been awarded to upgrade the skills of 845 current employees and train 351 new hires at five southeast Michigan companies. The funding will provide workers with state-of-the-art training in various manufacturing processes. Under the terms of the award, a qualified educational institution will administer the training and each company will provide a minimum 25 percent funding match. The educational institutions and the five companies benefiting from the grants are:

- Global Engine Manufacturing Alliance, Dundee - \$400,000 for 119 new employees trained through Monroe County Community College.
- Umicore, Auburn Hills - \$22,500 for 35 current, 10 new employees trained through Oakland Community College
- Inalfa Roof Systems, Auburn Hills - \$100,000 for 100 current, 116 new employees trained through Oakland Community College
- Garden Fresh Salsa Company, Auburn Hills - \$83,000 for 110 current, 56 new employees trained through Oakland Community College
- American Axle and Manufacturing, Detroit - \$650,000 for 600 current, 50 new employees trained through Delta College

Training to Boost Worker Skills at Three West Michigan Companies: A total of \$433,505 in EDJT funding will be used to upgrade the skills of 382 current employees and train 62 new hires at three west Michigan companies. The funding will provide workers with state-of-the-art training in various manufacturing processes. Under the terms of the award, a qualified educational institution will administer the training and each company will provide a minimum 25 percent funding match. The educational institutions and the three companies benefiting from the grants are:

- X-Rite, Inc., Grandville - \$371,706 for 275 current, 25 new employees trained through Grand Rapids Community College
- Elan Nutrition, Grand Rapids - \$49,966 for 68 current, 32 new employees trained through Mid Michigan Community College
- Grand Haven Plastics, Inc., Grand Haven - \$11,833 for 39 current, 5 new employees trained through the Northwest Ottawa Chamber Foundation.

21st Century Jobs Fund Promotional Tour Draws Standing Room Only Crowds: MEDC President and CEO James Epolito recently announced that more than 1,500 entrepreneurs, researchers, business leaders and product developers from across Michigan attended 14 state-wide information sessions held in the past month to learn more about the 21st Century Jobs Fund initiative and its application process. Many venues were filled to capacity, and a second session needed to be added in Ann Arbor because of the high number of registrations there. The 21st Century Jobs Fund will encourage job growth by investing in new technology development with high potential for future job growth. Signed into law by Governor Granholm last November, the 21st Century Jobs Fund allocates nearly \$400 million of the state's tobacco settlement revenue in 2006-07 to support commercialization, capital investment and commercial lending efforts in the areas of life sciences; alternative energy; advanced, automotive manufacturing and materials; and homeland security/defense technologies. The sessions, held in Traverse City, Troy, Mt. Pleasant, Battle Creek, Kalamazoo, Flint, Saginaw, Grand Rapids, Detroit, East Lansing, Ann Arbor, Houghton, Clinton Township and Brownstown Township, provided attendees details on the program's request for proposal process, due dates, peer-review process, eligibility requirements, eligible funding activities and evaluation criteria.

Granholtz Says State Incentives to Create Housing, Jobs in Wayne County: The Governor recently announced that four brownfield redevelopment projects will help convert vacant, blighted and underutilized properties into new commercial and residential space in Detroit and Trenton as a result of state brownfield tax incentives approved by the Michigan Economic Development Corporation. The projects will involve more than \$8.9 million in private investment and create 16 new jobs in Wayne County. The projects are:

- Gratiot McDougall Homes LLC will use a tax credit valued at more than \$319,000 to redevelop 22 blighted, single-family homes on Detroit's east side. The developer will invest approximately \$3.1 million in the project located near Gratiot and McDougall Streets.
- Trolley Place will redevelop a former industrial site located at 2874 Fourth Street in downtown Trenton using a tax credit valued at \$165,830. The developer will invest more than \$1.6 million to clean up the property and build 12 brick condominium units.
- University Lofts LLC was approved to receive a \$226,811 tax credit to help redevelop the former Wayne State University Mortuary Science Building in Detroit. Constructed in 1930, the now vacant building is on the National Register of Historic Places. The developer plans to invest more than \$2.2 million to convert the building into 10 loft-style condominiums.
- Vernor/Scotten Partners will use a tax credit valued at \$178,892 to rehabilitate two historic buildings at the corner of Vernor Highway and Scotten Street in southwest Detroit. The developer will invest more than \$1.7 million in the mixed-use project which will include 10 apartments and several hundred square feet first-floor retail space along Vernor. The project is expected to create 16 new jobs.

Second Annual University Commercialization Award Competition Launched: The second annual Governor's University Award for Commercialization Excellence (U-ACE) competition has been launched. The U-ACE will grant two \$25,000 prizes to Michigan university researchers who have successfully commercialized technology derived from their university-based research. The awards are financially underwritten by the Michigan Economic Development Corporation. The \$25,000 awards will be awarded to lead researchers in each of the two eligible categories. Category I participants include universities that have annual research expenditures under \$100 million as defined by the Integrated Postsecondary Education Data System developed by the National Center for Education Statistics. Category II participants are those with average annual research expenditures that exceed \$100 million. Awards will be presented at the Michigan Growth Capital Symposium at an evening reception on May 16 at the Eagle Crest Conference Center, Eastern Michigan University
<http://www.michigangcs.com/>.

Lansing Regional SmartZone Open for High-Tech Business: More than 200 attendees gathered for an MEDC event in Lansing to announce the final development agreement for the Lansing Regional SmartZone and highlight the initial members of its governing consortium. MEDC President and CEO Jim Epolito joined Michigan State University President Lou Anna Simon, local officials and business leaders for the announcement. The opening of the Lansing regional zone completes the network of 11 SmartZone technology clusters around Michigan. The SmartZones were established to foster collaborations between industry and universities aimed at the commercialization of research. Since the inception of the SmartZones program in 2002, more than 315 businesses have located or expanded in the zones, resulting in more than 4,500 jobs and \$600 million in private investment. Supported by the cities of Lansing and East Lansing in partnership with Ingham County, Lansing Community College, the Lansing Regional Chamber of Commerce, MBI International, Michigan State University, the Michigan State University Foundation and the University Corporate Research Park, the zone seeks to stimulate the growth of technology-based businesses in the Lansing region. It will focus on business attraction, creation and expansion in the fields of life sciences, advanced manufacturing and information technology. Special attention will be given to helping firms capitalize on research and technical resources at Michigan State University and MBI International.

MEDC Issues Michigan Life Sciences "Pipeline" Request for Proposals: The MEDC announced on March 16 it is seeking an individual or organization to develop a network linking life science researchers and businesses with vendors of related

products and services. The pipeline mechanism is required as part of the 21st Century Jobs Fund initiative signed into law last November. Proposals are due at MEDC offices in Lansing no later than April 14, 2006 with the contract expected to be awarded in late May. The term of the contract will run four years beginning June 1, 2006. The Request for Proposals is available online at <http://www.michigan.org/21stcentury> along with specifics on the application process.

Grand Rapids #6 on World Knowledge Competitiveness Index: Grand Rapids is #6 among the top knowledge economies of the world as ranked by the 2005 World Knowledge Competitiveness Index (WKCI). San Jose, in California's Silicon Valley, is #1 with Boston, San Francisco, Hartford, Conn. and Seattle rounding out the top five. The ranking was published in mid-December by Robert Huggins Associates. The WKCI is a benchmark of the knowledge capacity, capability and sustainability of 125 regions across the globe, and the extent to which this knowledge is translated into economic value, and transferred into the wealth of the citizens of those regions. Factors in the ranking include employment levels in the knowledge economy, patent registrations, R&D investment by the private and public sectors, education expenditure, information and communication technology infrastructure and access to private equity. For further details, go to <http://www.expansionmanagement.com>.

Michigan Leaps Seven Steps in National Business Climate Ranking: Governor Granholm and MEDC President and CEO James C. Epolito recently announced that Michigan advanced to 8th place in Site Selection's Top State Business Climate Rankings this year. Michigan ranked 15th in 2004. Rankings are based on the results of an online survey of corporate real estate executives, accounting for 50 percent of the overall ranking, with the other half based on states' performance on four measures associated with recent business-expansion activity. Michigan ranked first in the magazine's proprietary New Plant database from 2002-04, first in New Plants per million population, second in 2004 New Plants, third in New Plants per 1,000 square miles, and 18th in the Executive Survey portion of the ranking. The complete ranking is available at <http://www.siteselection.com/>. Epolito noted that Site Selection's business climate ranking reinforces other recent recognitions of the state's efforts, including Michigan's ranking as #2 in the nation for new capital spending for 2005 in Ernst & Young's U.S. Investment Monitor. Michigan was noted for attracting \$6.5 billion in major auto-sector investment, and its new initiatives to foster the growth of 21st-century industries in the emerging technology sectors. Even with the difficulties the auto industry is facing, the Big Three have announced some \$9 billion over the past 3½ years on new and upgraded plants and equipment here, Epolito noted. Site Selection magazine, published by Conway Data Inc., delivers expansion planning information to 44,000 executives of fast-growing firms.



Ensuring Affordable Quality Health Care

Governor's Council of Economic Advisors Issues Recommendations to Reduce Cost of Health

Care Benefits to Employers: Reducing the economic burden of providing employer-sponsored health care benefits is a key recommendation in a report submitted to Gov. Granholm by her Council of Economic Advisors (CEA). The DLEG bi-partisan advisory body offers advice and counsel on Michigan economic issues to the Governor. The report includes nine categories of recommendations that call for policy action at the state and federal levels that would influence the cost and availability of employer provided health care benefits. Gov. Granholm addressed three of the CEA's primary recommendations in her 2006 State of the State message, including: covering the uninsured and underinsured; advancing health information technology; improving the health status of Michigan's workforce. The entire report is available on the DLEG website: http://www.michigan.gov/documents/CEA_Health-Care-Report-final_version_149827_7.pdf.

Michigan Works! Adds Executive Director for Capital Health Care and Employment Council: Capital Area Michigan Works! (<http://www.camw.org>), which administers federally and state-funded programs to help employers and job seekers, has added Timothy A. Brannan, Ph.D. as executive director to newly formed Capital Health Care and Employment Council. Prior to joining the council Brannan was an assistant professor of educational technology at Central Michigan University. He has held positions at Michigan State University as an academic specialist and at Lansing Community College as the director of distance learning and education technology, where he also sits on the Board of Trustees. The

Capital Health Care and Employment Council was recently formed as a Michigan Regional Skills Alliance. Brannan will lead the council, which is focused on further strengthening the capital area's health care industry and staving off worker shortages. Capital Area Michigan Works! is dedicated to assisting employers in the recruitment, training and assessment of employees and providing workforce development services for the general public in Ingham, Eaton and Clinton counties through programs, classes and its service centers in Lansing, Charlotte and St. Johns.



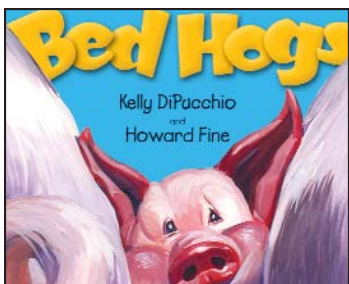
**Timothy A.
Brannan, Ph.D.**

Creating Cool: The Economy of Arts & Culture

State Launches 2006 Cool Cities Grants & Planning Programs: Gov. Granholm announced the launch of the 2006 Cool Cities Grants & Planning Program. This is the third year for the Cool Cities program. Building strong cities is part of the Governor's comprehensive plan to grow Michigan's economy. Improved cities can help attract job providers, in turn providing job opportunities in the state. "Michigan's economic success is tied directly to our ability to attract and retain exciting new jobs and young workers who are prepared to compete in a global economy," Granholm said. "The Cool Cities initiative is a critical tool for achieving that goal. We need to be able to attract jobs and opportunities that will keep our children in Michigan." Cool Cities will continue to offer a "Neighborhoods in Progress" designation, which awards recipients with \$100,000 catalyst grants along with priority access to existing state grant funds, loans, tax credits, or services that can help create vibrant, mixed-use neighborhoods. The program was expanded in 2005 with new categories: Cool Cities Michigan Main Street, Cool Cities Blueprints for Michigan's Downtowns, and Cool Cities Blueprints for Michigan's Neighborhoods. Like the Neighborhoods in Progress, designees in these categories will participate in a State Resource Fair and receive the "Cool Cities Neighborhood" designation as well as special consideration for certain Michigan State Housing Development Authority (MSHDA) programs. The notice of intent is posted on <http://www.coolcities.com> and the deadline for the notice submission is Tuesday, March 21. The state will invite applications for the Cool Cities program, which will be due Friday, May 5. The Cool Cities Neighborhood award designations will be announced mid-July.

Michigan's Population Continues to Grow: According to estimates released by the U.S. Census Bureau in December, Michigan's estimated population for July 2005 was 10,120,860, which is 0.2 percent higher than the newly revised 2004 figure of 10,104,206. Since the 2000 Census, Michigan's estimated population has increased by 1.8 percent, or 182,380 people. State Demographer Kenneth Darga said that although Michigan has grown less rapidly than the U.S. as a whole, the Great Lakes State has retained its ranking as the country's 8th-largest state, with just over 1 million more residents than 9th-ranked Georgia. These official population estimates will be widely used for planning purposes and will serve as a basis for distributing federal, state and non-governmental funds. They also provide valuable information about social and economic changes occurring in each state. The new population statistics are the product of a joint effort by the Population Division of the Census Bureau and the Federal State Cooperative for Population Estimates (FSCPE). The Library of Michigan serves as Michigan's representative in the FSCPE. An analysis of the new estimates, along with tables and a chart, is available on the

Department of History, Arts and Libraries' Census Web site at <http://www.michigan.gov/census>. Additional materials to be developed by the Library of Michigan and affiliated organizations of the state data center network will be added to this Web site as they become available.



Michigan Reads! Shines Spotlight on Michigan Author, Public Libraries, Importance of Early-Childhood Literacy: The Library of Michigan aims each year to build excitement about sharing words, ideas and stories with our state's youngest readers with the Michigan Reads! one-state, one-preschool-book program. In March, the program centered on "Bed Hogs" by local author Kelly DiPucchio, who grew up in Rochester and currently lives in Macomb Township. "I am absolutely thrilled that 'Bed Hogs' has been chosen by my home

state as the 2006 Michigan Reads! book," said DiPucchio. "As both an author and a parent, I am honored to be a part of a program that acknowledges the importance of early-childhood literacy in families." DiPucchio headlined a kickoff event at Clinton-Macomb Public Library in mid-March, joining with State Librarian Nancy Robertson, several program sponsors and dozens of "Bed Hogs"-loving kids for an afternoon of piggy fun. Michigan Reads! was launched in 2004 by the Library of Michigan in partnership with the Michigan Center for the Book to promote the value and benefits of reading early and often to preschoolers; to encourage family bonding through reading; and to increase awareness and usage of Michigan's hundreds of public libraries. This year, Michigan Reads! was sponsored by Brogan & Partners, Michigan Education Savings Program, Michigan Education Trust, Auto-Owners Insurance and the Library of Michigan Foundation. Learn more at <http://www.michigan.gov/michiganreads>.

HAL's Dr. Anderson Unveils Strategy for State's Cultural Economic Development: Hundreds of cultural, government, civic and community leaders from throughout Michigan recently gathered at the "Art of Cool" conference, the third in a series of "cool" conferences designed to help attendees understand and adapt the "Cool Cities" concept to their communities. The "Art of Cool" conference went a bold step further, laying the groundwork for a comprehensive cultural economic development plan. Department of History, Arts and Libraries (HAL) Director Dr. William Anderson gave a lunchtime presentation at which he laid out an ambitious strategy for cultural economic development: the ways in which our state's unique pool of creative talent and cultural resources can help communities spur and sustain economic vitality. "If Michigan is to compete and succeed in the 21st-century economy, we need to take advantage of every single resource at our fingertips," said Dr. Anderson. "Michigan is blessed with a wonderful array of cultural programs and attractions, unique artistic products and a cultural community with unmatched enthusiasm.



**Dr. William
Anderson**

What we've been missing so far is a holistic effort to deploy and market those resources. With a comprehensive strategy in place, the cultural sector can play a significant role in Governor Granholm's plan to diversify Michigan's economy. According to the Travel Industry Association of America (TIA), tourism is big business. For 2004, the association reports that travel and tourism directly contributed more than \$600 billion to the U.S. economy, directly employs more than 7.3 million people, and creates a payroll income of \$162 billion and tax revenues of \$100 billion for federal, state and local governments. And, according to TIA, it's the cultural tourists who spend the most dollars and stay for the longest periods of time while traveling. The National Trust defines cultural heritage tourism as "traveling to experience the places and activities that authentically represent the stories and people of the past and present. It includes irreplaceable historic, cultural and natural resources." For more information on Michigan's plan to leverage its own unique collection of historic, cultural and natural resources, visit <http://www.michigan.gov/ced>. To contact Dr. Anderson, call (517) 373-2486 or e-mail banderson@michigan.gov.

Promoting Michigan's Manufacturing Industry

MPSC Approves Rate Cut for Detroit Edison Commercial and Industrial Bundled Customers, New Economic Development Rate Designed to Attract New Industrial Development to Michigan: The Michigan Public Service Commission (MPSC) recently issued an order cutting rates for Detroit Edison's commercial and industrial bundled (full service) electric customers, beginning with the February billing cycle. It also approved a new economic development rate designed to attract new industrial development to Michigan. The MPSC directed that distribution charges for choice and bundled customers should be brought into parity. As a result, commercial and industrial bundled customers will see a 4 percent reduction in their rates. Because choice customers have their own contracts, it is unknown how they will be affected. "Lowering commercial and industrial rates today will give Michigan a boost during economically difficult times," said MPSC Chairman J. Peter Lark. "The 4 percent rate cut for businesses will keep Michigan competitive, attract new business and keep and grow Michigan jobs. At the same time, the distribution changes made will continue to keep competitive options available for Michigan customers." The Commission approved the MPSC's staff proposed new method to calculate the cost to service that better reflects the basis for establishing the responsibility of each customer.

Making Michigan a Leader in Technology

Nonprofit Corporations and Limited Liability Companies Can Now File Online with State of Michigan: Nearly a quarter of a million Michigan businesses can file their annual reports and statements to the state of Michigan via the Internet. "As many as 58,000 nonprofit corporations and 186,000 limited liability companies can take advantage of this new online service," DLEG Acting Director Robert W. Swanson said. "Companies involved in the testing of FILEOnline found it to be very convenient." The new service enables domestic nonprofit corporations to file their 2005 annual reports and limited liability companies to file their 2006 annual statements. Swanson said the new service will automate the paper routing of documents, the data entry of agent or address changes, and improve the collection of revenues by providing customers with the online ability to pay annual report and statement fees with credit cards, using the secure and approved State of Michigan credit card authorization process. DLEG's Bureau of Commercial Services, Corporation Division, launched FILEOnline in partnership with the Department of Information Technology (MDIT). Swanson said the new online service includes a customer satisfaction survey that will help both DLEG and MDIT improve their online services to business. MDIT Director Teri Takai said, "In the future, FILEOnline will be available to domestic profit corporations, foreign corporations, professional service corporations, and professional limited liability companies, and for the filing of prior year annual reports and statements." FILEOnline can be accessed at <http://www.michigan.gov/fileonline>. For more information about the Corporation Division, visit <http://www.michigan.gov/corporations>.

Promoting Michigan's Grape & Wine Industry



Governor Granholm Signs Wine Shipment Legislation, Supports Michigan's Wine Industry: Governor Jennifer M. Granholm signed legislation that allows Michigan and out-of-state wineries to ship their products directly to customers in limited amounts. The Governor signed the two bills while touring a high-tech company in Traverse City. "Protecting Michigan wineries means protecting Michigan jobs," Granholm said. "This legislation represents a compromise that will comply with the Supreme Court and, more importantly, protect our local economies." In May, the United States Supreme Court declared unconstitutional Michigan and New York state laws regulating the sale of wine. In both cases, in-state wineries were allowed to ship directly to consumers, retailers, and restaurants while out-of-state wineries were not. The Court ruled that states must treat wine producers equally. The legislation signed by Granholm will allow licensed

wineries to ship up to 1,500 nine-liter cases, or 13,500 liters total, directly to customers each year. The bills also put regulations in place to ensure that minors cannot get access to wine through direct shipment and allow the Liquor Control Commission to charge an annual license fee of up to \$100 to help fund the regulation of direct-shipping vendors. "While we are working hard to support our manufacturers and diversify our economy, we must do all that we can to support the tourism and agriculture sectors of our economy that are the lifeblood of many Michigan communities," said Granholm. Michigan's grape and wine industry contributes more than \$75 million each year to the state's economy, according to a study conducted by Michigan State University in 2000. With 42 wineries and more than 1,300 acres of land now dedicated to growing wine grapes, Michigan ranks 9th nationally in production. The Michigan Grape and Wine Industry Council estimates that by 2020, Michigan will have more than 10,000 acres in wine grape production. House Bill 4959 was sponsored by Representative Chris Ward (R-Brighton) and Senate Bill 625 was sponsored by Senator Michelle McManus (R-Lake Leelanau).

Protecting Consumers



Survey Finds Most Investors Lack Critical Survival Skills: The Michigan Office of Financial and Insurance Services (OFIS) cautions that a major new national survey shows that the vast majority of U.S. investors do not appear to possess important "investor survival skills" needed to build their savings into a retirement nest egg. A Securities Investor Protection Corporation (SIPC)/Investor Protection Trust (IPT) survey released in December found that more than four out of five of active investors (83 percent) failed the SIPC/IPT test of key knowledge and behavior. Only 17 percent of respondents correctly answered a sufficient number of questions on knowledge (six of eight questions) and behavior (three of four questions). "This survey shows that investors need to brush up on the fundamentals of investing," said OFIS Commissioner Linda A. Watters. "Those who don't understand the basic rules of the game make costly mistakes. At a time when individuals are being given increased responsibility to direct their retirement saving, investors simply cannot afford the price of ignorance." Watters highlighted the efforts of the OFIS

Securities Section, which is actively partnering with the AARP Foundation in developing educational materials to be used in the upcoming "Campaign for Wise and Safe Investing". The program, which will be aimed at investors and potential investors aged 50 and higher, will provide important information regarding unsuitable and fraudulent investments. The Michigan Securities Section is also sponsoring a non-commercial, objective investor education and protection seminar in conjunction with the Evelyn Brust Foundation. The seminar will be held at the Detroit Public Library, in the spring of 2006. The Detroit Public Library was one of twenty National libraries chosen to pilot the Investor Education @ Your Library Program, which was launched in November of 2005. Full survey findings (including methodology) can be found at <http://www.sipc.org>. The online, self-scoring version of the SIPC/IPT survey is available online at <http://www.sipc.org/survivalquiz>.

OFIS Ends Ponzi Scheme Run by Vazilyn Poinsetta: The Office of Financial and Insurance Services (OFIS) announced the revocation of the Investment Adviser Registration of Vazilyn Poinsetta & Associates, Inc. (VPA). OFIS also ordered its President, Vazilyn Poinsetta to Cease and Desist from further violations of the Michigan Uniform Securities Act. Both VPA and Poinsetta were ordered to pay civil penalties of \$10,000.00, due no later than March 31, 2006. VPA was licensed as an investment firm located in Southfield, Michigan and operated by Poinsetta. Poinsetta also had been involved in securities dealings, primarily with residents of Wayne and Oakland counties. OFIS Commissioner Linda A. Watters said, "Vazilyn Poinsetta used her position to steal hard-earned dollars from unsuspecting consumers. After a full investigation and administrative process I am pleased to report that we have shut her down." Among the charges made against Poinsetta include: offering and selling unregistered securities primarily to Michigan investors, making false statements to OFIS regarding VPA's application for registration as an investment adviser, and organizing and operating a "Ponzi" scheme where she falsely claimed that she was a Certified Financial Planner and convinced many investors that she could help them generate greater returns on their investments. The OFIS Final Decision order can be found at <http://www.michigan.gov/ofis>.

Insurer Agrees to Pay Up to \$2 Million for Race-Based Underwriting and Pricing: Office of Financial and Insurance Services (OFIS) Commissioner Linda A. Watters announced on Feb. 24th that she signed a consent order requiring the Western and Southern Life Insurance Company to make amends for using race-based underwriting and rating practices. "Charging consumers higher rates because of their race is just plain wrong," said Watters. "I'm pleased that Western and Southern Life has agreed to make amends for this unfortunate chapter in their history." Seventy-six Michigan policies are affected and remediation has already been granted to affected current policyholders. Western and Southern Life Insurance Company will be required to publish the settlement in order to identify any additional policyholders, with the

remediation amount capped at \$2 million. Any amount not used in connection with individual policies will be donated to one or more educational institutions or charities that serve African-American causes or interests. The company is required to meet and confer with government officials to determine the appropriate distribution. The company is also required to make an administrative payment to each state participating in the settlement, based upon the number of policies affected in each state. Michigan will receive the minimum payment of \$1000. The race-based policies were issued between 1957 and 1970. Investigators found that, unbeknownst to Western and Southern Life, they acquired several companies that had engaged in this practice. As such, these practices were not willful or intentional violations. This order is in conjunction with the Ohio Department of Insurance, who was the lead agency in the multi-state case. Illinois, Indiana and North Carolina were also involved in the examinations related to the sale of industrial life and certain other life insurance policies. In agreeing to the settlement, the company denied any wrongdoing alleged and does not admit or concede actual or potential fault, wrongdoing or liability in this matter.

Assisting Low to Moderate Income Families

Granholm Signs Legislation Increasing the State's Minimum wage: Gov. Granholm signed legislation on March 28th that will give hundreds of thousands of workers in Michigan a pay raise. Senate Bill 318 increases the state's minimum wage from \$5.15 per hour to \$7.40 per hour over the next two years. The minimum wage has not been increased since 1997. "Today is a celebration for working men and women across Michigan," Granholm said. "This is a simple matter of fairness – anyone who puts in a fair day's work should receive a fair day's pay. Increasing the minimum wage for the first time in nine years is a critical step to ensuring that every worker receives a fair day's pay." In her 2006 State of the State Address, Granholm pledged that workers would get the pay increase this year one way or another. The Governor said she is pleased that the Republican-led Legislature responded to the overwhelming public reaction to efforts to place this issue on the November ballot and did the right thing by approving the increase. "The working men and women who circulated petitions and contacted their legislators should be proud that their efforts were instrumental in convincing legislative leadership to do the right thing," said Granholm.



Gov. Granholm signed legislation raising the state's minimum wage.

The legislation signed by the Governor, will increase the minimum wage in three steps. On October 1, 2006, it will increase to \$6.95; then to \$7.15 on July 1, 2007; and finally to \$7.40 on July 1, 2008. As a result of the signing, Michigan joins more than 15 other states that have increased their minimum wage over federal standards. Senate Bill 318 was sponsored by Senator Ray Basham (D-Taylor).

MPSC: Home Heating Credits Now Being Processed: The Michigan Public Service Commission (MPSC) noted that the Michigan Department of Treasury has begun processing Michigan Home Heating Credits for the 2005 tax year. The credit assists low-income people with winter energy bills. "Many low-income utility customers face challenges in paying their winter utility bills," noted MPSC Chairman J. Peter Lark. "It has always been a concern of mine that one quarter of those households eligible for the credit do not apply. Applying for the Home Heating Credit is one easy way to get help. I urge all customers who think they may qualify for the Home Heating Credit to apply for the 2005 credit before the deadline - September 30, 2006." The Home Heating Credit is funded by federal Low-Income Home Energy Assistance Program grants. The Departments of Human Services and Treasury jointly administer the program. The Home Heating Credit form (1040CR-7) is available on Treasury's Web site at: <http://www.michigan.gov/treasury>. Forms are also available in many public libraries, Secretary of State offices, Department of Human Services offices and

Department of Treasury field offices. People are advised to call offices to check on the form's availability before traveling there. Forms may also be obtained by calling 1-800-827-4000. Eligible customers must live in Michigan, must own or rent the home in which they live, and their income must fall within certain limits. More information on utility financial assistance programs is available on the MPSC's Be WinterWise Web site: <http://www.michigan.gov/bewinterwise>.

MPSC Lifeline Program Offers Discounts on Basic Local Telephone Service to Low Income Customers: The Michigan Public Service Commission (MPSC) noted that more people are now eligible for the Lifeline program that provides discounts on basic local telephone service to low-income landline telephone customers, due to changes in the Michigan Telecommunications Act. To highlight the program's expanded eligibility, Gov. Granholm declared March 5 through March 11 "Lifeline Week" in Michigan. "More people than ever are now eligible to get monthly discounts on their telephone bills," said MPSC Commissioner Monica Martinez. "With telephone service considered a necessity for daily modern life, the Lifeline discount is good news for low-income telephone customers who are managing tight budgets." To qualify for Lifeline, the customer's household income must be at or below 150 percent of the federal poverty guidelines, or the customer must participate in one of the following assistance programs: Medicaid; food stamps, supplemental security income (SSI); federal public housing assistance (Section 8); the Low-Income Home Energy Assistance Program (LIHEAP); the national school free lunch program; or Temporary Assistance for Needy Families. Eligible customers should contact their local telephone provider to apply. The MPSC issued a new "Consumer Alert" that includes income guidelines and other details about the Lifeline program, as well as the federal Link-Up program that reduces phone service installation charges. It is available on the MPSC's Web site - <http://www.michigan.gov/mpsc> - or by calling 1-800-292-9555.



MPSC Issues Annual Report: The Michigan Public Service Commission (MPSC) issued its annual report to Gov. Granholm and the Michigan Legislature. "The MPSC in 2005 took significant actions to help protect low-income customers from utility shut-offs and to assess Michigan's future electric needs," noted MPSC Chairman J. Peter Lark. Lark summarized the report by noting the following:

- Michigan became the first state in the nation on July 1, 2005 to launch a child protection registry, enabling parents to guard their children from unwanted electronic messages. By year's end, 3,641 individuals and 41 schools registered e-mail addresses with The Protect MI Child Registry, prohibiting persons from sending to the registered addresses information about products or services that are legally prohibited for children, including pornography, tobacco, gambling, alcohol, or illegal drugs.
- With escalating energy costs, the Commission took action to protect Michigan citizens, establishing emergency billing practices, covering the period from November 1, 2005 through March 31, 2006, for retail customers of electric and natural gas utilities subject to the Commission's jurisdiction. The emergency rules gave customers more time to pay their bills and increased the number of people eligible for the Winter Protection Plan that helps prevent utility shut-offs.
- The Commission continued to respond to the needs of Michigan's low-income and senior citizens, awarding \$56 million for low-income energy assistance and \$15 million for low-income energy efficiency from the Low-Income and Energy Efficiency Fund. The awards provide immediate assistance for heating needs as well as longer term assistance in reducing future heating costs for low-income and senior citizens. In addition, the Commission approved \$6 million to develop or improve the quality of energy efficient technologies for all customer classes.
- Throughout the year, Michigan Public Service Commission staff conducted Michigan's electric Capacity Need Forum, a collaborative effort involving approximately 150 individuals representing approximately 60 organizations. The Forum, established through an October 2004 Commission order, was the first major effort to assess Michigan's electric generating capacity needs since the mid-1980s. Based on a January 3, 2006 MPSC staff report, Michigan's future electric capacity needs are adequate to meet the state's demand at this time but growing demand will require additional measures by 2009 to ensure that its electric grid keeps power flowing. The Commission

expects to give careful consideration to the staff's recommendation and will conduct a public hearing in March 2006.

- The Commission, on Dec. 22, 2005, unbundled Consumers Energy Company's and The Detroit Edison Company's rate schedules as required by Public Act 141 of 2000. The new unbundled rates make it much easier for customers to compare full service and choice service options. The Commission also found that it is unlikely that there will be any new stranded costs in the future.
- Natural gas markets were characterized by unprecedented price volatility and sizable increases in wholesale gas prices that prompted the regulated gas utilities to file for re-opening of their gas cost recovery plan proceedings. The Commission instituted expedited schedules for processing these cases, issuing seven orders between October 26 and November 30, 2005. These orders established fixed rate price ceilings that balanced the interests of both the ratepayers and the utilities during the winter.
- The MPSC issued more than 40,000 2006 MPSC decals for intrastate motor carrier authority and collected \$5.6 million in total decal sales.

The entire report is available on the MPSC Web site: <http://www.michigan.gov/mpsc>.

Protecting Worker Safety

State Distributes Free Safety Training CDs to 30,000 Manufacturers: DLEG has distributed a safety training CD, the "MIOSHA Walkthrough for Manufacturers," to 30,000 Michigan employers. Manufacturers received the CD at no cost. The Michigan Occupational Safety and Health Administration (MIOSHA), the Michigan Economic Development Corporation (MEDC), and the Lansing Area Safety Council, collaborated with the private sector to produce the CD. The CD was produced by eMedia Solutions at Universal Studios, Orlando, utilizing their professional production team and Disney animators. The CD is a high-end, interactive training tool that makes safety and health training interesting and memorable. E&E Manufacturing of Plymouth, and Blissfield Manufacturing of Blissfield, participated in the production of the CD by opening their facilities' doors for filming. The interactive CD-ROM contains 22 modules of safety and health training. MIOSHA staff reviewed the training material for compliance with Michigan OSHA standards. The CD is intended to provide basic safety and health awareness training, and serve as a foundation for employers to build on with their own policies and procedures. The CD was designed specifically for manufacturers to help them reduce workplace injuries, lower training costs, improve safety systems, and prepare them for an inspection, or a "walkthrough," by MIOSHA. This state-of-the-art product integrates real-world experience into the **S.A.M. - Safety Automated Machine** training components. "The MIOSHA CD-ROM is an invaluable resource for the small employer in our state. It levels the playing field for quality safety education that is often only accessible to larger companies," said Susan M. Carter, Executive Director, Lansing Area Safety Council. Carter spearheaded the private-sector donor program for the CD production. Premier Tab Sponsors include: Dana Risk Management, DTE Energy, FabEnCo, Master Lock, RoboVent, and Scientific Technologies, Inc. (STI). Resource Directory Sponsors include: Accident Fund, Alro Steel, American Lock, Confined Space and Emergency Spill Response, First Aid Only, Inland Waters Pollution Control, Michigan Safety Conference, Midwest Gas Instrument Service, North American Safety Products, and Wacker Chemical Corporation.



MIOSHA and the Masonry Institute of Michigan Form Alliance to Protect Masonry and Construction Workers: The Michigan Occupational Safety and Health Administration (MIOSHA) and the Masonry Institute of Michigan, Inc., signed a formal alliance on Feb. 22nd to protect the safety and health of Michigan's masonry and construction industry workers. The construction industry is one of the most hazardous industries in Michigan. John Robovitsky, President, Masonry Institute of Michigan; and Doug Kalinowski, Director, MIOSHA Program; signed the alliance. Also participat-



MIOSHA and the Masonry Institute of Michigan formed an alliance to protect masonry and construction workers.

- Build trusting, cooperative relationships.
- Network with others committed to workplace safety and health.
- Exchange information about best practices.
- Leverage resources to maximize worker safety and health protection.

For more information about forming an alliance or partnership with MIOSHA, please visit <http://www.michigan.gov/miosha> or contact the Consultation Education and Training (CET) Division at 517.322.1809.

Michigan Leaders Share Strategies and Resources to Improve Construction Workers' Safety and Health: DLEG

Acting Director Robert W. Swanson welcomed more than 270 construction employers from across the state to the Governor's Construction Safety and Health Forum on March 6th. "We convened this forum to share the message that strong protections can help companies significantly increase their competitiveness," said Gov. Granholm. "The construction industry is vital to our economy. We share a common vision - to make Michigan an economic powerhouse with safe and healthy workers." The construction industry is one of the most hazardous industries in Michigan. Only about four percent of Michigan's workforce is employed in construction-however, construction fatalities account for nearly 50 percent of all fatal workplace accidents! Top executives from Michigan's "Best of the Best" construction companies shared their stories of business successes, while creating a safe and healthful work environment for their employees. Representing a wide range of construction environments, all shared a message of increasing competitiveness through strong worker safety and health efforts. The Michigan Occupational Safety and Health Administration (MIOSHA) is partnering with construction companies and organizations across the state to spread the word that protecting workers must be a priority for employers. Employers with an integrated safety and

ing in the signing were several members of the Institute's Board of Trustees: Ed Davenport, 1st Vice-President, Davenport Masonry; Larry Durkin, Treasurer, Durkin & Company Contractors; Kyle Lochonoic, Wall Bracing Committee Chairperson, Davenport Masonry; and Daniel Zechmeister, Executive Director, Masonry Institute of Michigan. Alliances enable organizations committed to workplace safety and health to collaborate with MIOSHA to prevent workplace injuries and illnesses. Alliances are open to all groups, including: trade or professional associations, businesses, labor organizations, educational institutions, and government agencies.

There are many benefits to participating in an alliance with MIOSHA. Through this program, organizations will:



Robert W. Swanson, DLEG Acting Director; Odell Jones III, President and CEO, JOMAR Building Company, Inc., and Detroit AGC Chairman; Patrick Devlin, Secretary-Treasurer, Michigan State Building and Construction Trades Council; Henry L. Green, Executive Director, Bureau of Construction Codes & Fire Safety; Doug Roggenbaum, Regional Vice President-Michigan Region, Amerisure Insurance Companies; and John Doherty, President/CEO, Associated Builders and Contractors, Inc., Western Michigan Chapter; discussed the vital importance of the construction industry to Michigan's economic well-being.

health culture report not only reductions in injuries and illnesses, but also positive bottom line benefits, including:

- Lower workers' compensation costs,
- Increased productivity,
- Increased employee morale,
- Lower absenteeism and employee turnover.

The MIOSHA Program has formal alliances with the following construction organizations, who also participated in the forum: Associated General Contractors (AGC), Greater Detroit Chapter; Associated General Contractors (AGC), Michigan Chapter; Construction Association of Michigan (CAM); Great Lakes Fabricators and Erectors Association (GLFEA); Masonry Institute of Michigan; and the former Michigan Road Builders Association.

Sara Lee Food and Beverage Receives MIOSHA Award for Achieving Nearly Eight Years Without a Lost Time

Accident: The Sara Lee Food and Beverage Traverse City facility received the CET Platinum Award on Feb. 15 from the Michigan Occupational Safety and Health Administration (MIOSHA) for an outstanding safety and health record. Sara Lee Food and Beverage has logged an unprecedented nine million work hours and nearly eight years without a lost time accident! This is the first Platinum Award presented by MIOSHA in almost four years. MIOSHA Director Doug



Sara Lee Food and Beverage has logged an unprecedented nine million work hours and nearly eight years without a lost time accident.

Kalinowski presented the award to Randy Tucker, Plant Manager; Neal Jones, President & Business Agent, Bakery, Confectionery, Tobacco Workers & Grain Millers International Union, Local 81; and the Joint Safety Committee. The MIOSHA Consultation Education and Training (CET) Division recognizes the safety and health achievements of Michigan employers and employees through CET Awards, which are based on excellent safety and health performance. The CET Platinum Award recognizes an outstanding safety record of 250,000 - 7,500,000 continuous hours worked without days away from work based on the employer's size and type of business. The award presentation is part of the company's annual Service Awards Banquet. This year's banquet recognized Sara Lee employees who celebrated 10, 15, 20, 25, 30 and 35 years of service during calendar year 2005. A review of their "class of 2005" revealed a combined service of 1,775 years.

Representatives from Sara Lee Food and Beverage Headquarters Supply Chain, local plant management, and Traverse City plant Safety Committee members participated in the event. Sara Lee's outstanding safety and health record came from several areas, including: significant employer commitment; an active safety and health committee; a written and implemented safety and health program; hazard identification and corrective action; and regular safety and health training. They also use outside consultants, including the CET Division of the MIOSHA program. With 620 employees, the Traverse City plant manufactures frozen baked and unbaked pies, premium HiPies®, unbaked pie shells, cream and meringue-topped pies, parfait dessert cups, quiche, and unbaked cheese cakes.

Metalworks Receives Ergonomic Innovation Award: Metalworks Inc., a manufacturer of metal filing and storage systems in Ludington, received the Ergonomic Innovation Award from MIOSHA. Director Doug Kalinowski presented the award to Scott Lakari, Vice President of Operations; and Sidney Shaw, Environmental, Health & Safety Manager. All employees were on hand to join in the presentation. The Ergonomic Innovation Award is issued to employers for creative and effective ideas that have been implemented to reduce worker strain. Ergonomic improvements help employees work



Metalworks Inc. received the MIOSHA Ergonomic Innovation Award.

safely without needing to over-lift, over-reach, sit or stand too long, or use awkward postures. Metalwork's pedestal style cabinets presented a challenge with how to handle the finished product. The firm packages the two- and three-door metal file cabinets in boxes, which weigh about 40 plus pounds. After boxing the cabinets, they move them to pallets for shipping. The Safety Committee, along with the Maintenance Department, put their heads together and came up with a lifting assist device. The clamping device lifts the cabinets up and places them in the boxes without damaging them. After the cabinets are boxed, a second vacuum operated device lifts the boxes and places them on pallets for shipment. This process greatly reduces the stress of lifting and bending on the employees. Metalworks also received the Michigan Shingo Prize at the Bronze Level for manufacturing excellence from The Right Place, Inc., of Grand Rapids, an economic development organization. The Michigan Shingo Prize was established to promote awareness of Lean manufacturing. Dubbed the "Nobel Prize of Manufacturing" by Business Week, the Shingo Prize recognizes outstanding companies that have achieved operational excellence by applying world-class manufacturing strategies and practices.

Northern Coatings Inc. Receives SHARP Award for Safety and Health Excellence: Northern Coatings and Chemical Company, Inc., became the fifth facility in the state, and the first in the Upper Peninsula, to receive the prestigious Michigan SHARP Award for an exemplary safety and health management system. "As one of only five companies to receive MIOSHA's prestigious SHARP Award, I'm proud to present this great honor to Menominee's Northern Coatings and Chemical Company," said Congressman Bart Stupak. "This award is bestowed only to companies that exemplify superior health and safety standards, which in turn promotes a safe work environment for their employees. Northern Coatings is certainly deserving of this recognition." MIOSHA established the Michigan Safety and Health Achievement Recognition Program (SHARP) Award to recognize employers that have achieved safety and health excellence far beyond their peers. The Michigan SHARP Program targets small manufacturers to help them develop, implement and continuously improve the effectiveness of their workplace safety and health management system. SHARP provides an incentive for employers to emphasize accident and illness prevention by anticipating problems, rather than simply reacting to them. The MIOSHA Onsite Consultation Program within the Consultation Education and Training (CET) Division operates the Michigan SHARP Program. Onsite consultants work with employers to help them become self-sufficient in managing occupational safety and health. SHARP worksites earn an exemption from "programmed" MIOSHA inspections on a yearly basis. Northern Coatings Inc. employs 34 workers and manufactures specialty coatings for fuel cells, medical equipment, engines and automotive equipment, and many other commercial products.



Northern Coatings and Chemical Company, Inc. became the fifth facility in the state, and the first in the Upper Peninsula to receive the prestigious Michigan SHARP award.

Promoting Energy Efficiency

DLEG Energy Office Grants to Launch Rebuild Michigan Community Partnerships: DLEG's Energy Office awarded a grant of \$12,376 to the city of Marshall and \$18,309 to the city of Ecorse to launch Rebuild Michigan Community Partnerships. The grants will be used to begin a Rebuild Michigan Community Partnership that promotes energy efficiency in commercial buildings and generation and use of renewable energy in the community. Rebuild Michigan is part of the U.S. Department of Energy's Rebuild America program. The grants will be used to organize a representative community coalition, initiate local energy planning, identify resources for conducting commercial energy audits and implementing energy efficiency projects, develop a 2-5 year action plan, and assess potential for developing renewable energy projects. Funding for the grants was made available by the U.S. Department of Energy and is administered by the DLEG Energy Office <http://www.michigan.gov/energyoffice> or (517) 241-6184.

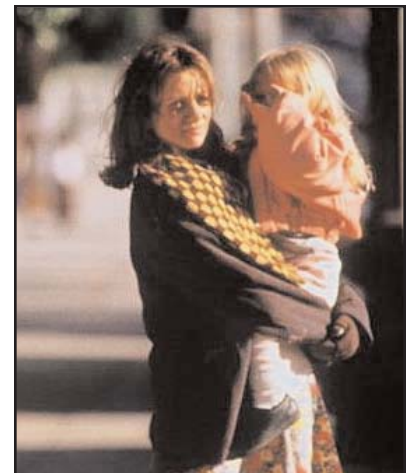
DLEG Energy Office Awards Grants to Improve Energy Efficiency for Grand Rapids Public Schools and Northern Michigan University: DLEG's Energy Office has awarded grants to improve energy efficiency in schools including a \$17,361 grant to Grand Rapids Public Schools for the district's new Straight Elementary School and \$22,100 for Northern Michigan University's Student Apartment Complex. The grants will be used for building "commissioning," which prevents problems by identifying deficiencies early and correcting them before the building is occupied. As a result, the construction team will receive assistance with installing building systems with significantly fewer defects; systems that are energy efficient and will cost less to operate and maintain over the long haul. The grants will be used to obtain a qualified service provider to demonstrate the application of commissioning as an energy and cost saving strategy in construction of new buildings. Funding for the grants was made available by the U.S. Department of Energy and is administered by the DLEG Energy Office. For more information, visit <http://www.michigan.gov/energyoffice>.

Michigan Energy Office Secures \$100,000 Industries of the Future Grant to Reduce Energy Use at Largest Michigan Industrial Facilities: The Michigan Energy Office, through its subcontractor, Shepherd Advisors, will begin a 15 month process this month entitled "Michigan Dialogue to Reduce Energy Use." The project will focus on communicating with the State's largest industrial energy users (including metalworking, paper mills, chemical plants, automotive plants and others) in order to assist them in identifying and implementing immediate and near-term money-saving energy use reductions. Shepherd Advisors will mount a sophisticated education, marketing and dialogue campaign that will include personal phone calls, electronic newsletter distributions, Energy Saving Assessments by qualified DOE subcontractors, technical software training workshops, and assistance with researching and purchasing energy efficiency services and products. This project is in conjunction with a national U.S. DOE effort called "Save Energy Now," in which the U.S. DOE is lining up 200 Energy Saving Assessments nationwide for the largest industrial energy users. Shepherd Advisors will be channeling as many Michigan facilities into this opportunity as possible. More information can be found about the Assessments at <http://www.misaveenergynow.blogspot.com>. The Save Energy Now program and the Michigan Dialogue to Reduce Energy Use are both designed to appeal to the need of industrial manufacturers to reduce their operational costs in order to survive in a business environment that combines intense competitive pressure from out-of-state with some of the highest fuel costs in history. It is estimated, for example, that a facility with \$2 million of annual energy costs could easily reduce their usage by 5 percent or more, saving them \$100,000 or more per year with little or no capital investment required.

Providing Affordable Housing

\$14 Million in Grants Will Support Initiatives in New MSHDA Division: In its continuing effort to provide affordable housing to the citizens of Michigan, MSHDA has announced the creation of the Office of Supportive Housing and Homeless Initiatives. This division offers a variety of funding and technical assistance options for local communities and nonprofits to help address the needs of homeless individuals and families statewide. In doing so, MSHDA will utilize the Continuum of Care concept to encourage local communities to develop a coordinated and comprehensive long-term approach to ending homelessness. In conjunction with the creation of the Office of Supportive Housing and Homeless Initiatives program, Gov. Granholm recently announced the approval of \$10 million in combined federal and state dollars to assist eight communities in Michigan in establishing permanent supportive housing programs for the chronically homeless. In addition to the funding provided to each community, the Office of Supportive Housing and Homeless Initiatives will provide technical assistance for the development or expansion of rental housing within each community. This will be accomplished through Interagency Service Teams (partners) comprised of staff from the Michigan Department of Community Health, the Department of Human Services, the Department of Corrections and MSHDA. The MSHDA team assisting the participating communities with technical assistance and project review is being headed by Sally Harrison, Interim Director of Supportive Housing and Homeless Initiatives. Currently the division staffs six employees with plans of expanding. Supportive housing serves as a successful, cost-effective combination of affordable housing and a wide array of supportive services for residents to help them lead more stable, meaningful lives. The types of funding available are: HOME, Low Income Housing Tax Credits (LIHTC), Tax Exempt Bonds, CDBG and MSHDA reserves.

MSHDA Announces \$4 Million to Help Homeless Survivors of Domestic Violence: MSHDA has approved \$4 million to create supportive housing for homeless survivors of domestic violence. "This Domestic Violence Housing Initiative will be among the first of its kind in the nation to provide supportive housing to homeless domestic violence survivors," Gov. Granholm said. "Through this collaboration of state agencies, local governments, and service providers, we can create permanent supportive housing programs that will meet the needs of survivors of domestic violence, and ultimately provide them with opportunities to become re-engaged with their community in a positive way." Through the Domestic Violence Housing Initiative, a partnership made up of the Department of Human Services (DHS), the Michigan Domestic Violence Prevention and Treatment Board (MDVPTB), the Michigan Coalition Against Domestic and Sexual Violence (MSADSV), and MSHDA, project proposals will be requested from domestic violence service providers around the state. Successful applicants will receive awards ranging from \$250,000 to \$1 million for project implementation. The program is expected to fund four to eight projects statewide. Funds may be used for development costs associated with the new construction, acquisition/rehabilitation, master leasing of existing units, or homeownership to create permanent supportive housing for people who are homeless survivors of domestic violence. It is expected that projects funded under the new initiative will be brought to commitment by September 2006.



"Cities of Promise" Initiative Provides Hope to State's Most Vulnerable Cities: Gov. Granholm's new initiative dubbed "Cities of Promise" will be a source of great hope for some of Michigan's most vulnerable cities. By encouraging city-specific partnerships that bring together the best resources of the local community with those of several state agencies



including MSHDA, a city's highest priorities can be addressed and expedited. The "Cities of Promise" are those that are experiencing sometimes devastating conditions because of declining population, extreme poverty, loss of industry and jobs, crumbling infrastructure, and blighted neighborhoods. In Highland Park, the partnership committee has been meeting for a few months and has already identified and prioritized three signature projects including the restoration of the historic McGregor Library. Possible sources of grants and funding have been identified and plans for organizing the community to respond to the project are underway. State agencies directly involved in the "Cities of Promise" initiative include lead agencies MSHDA and Michigan Department of Human Services. Priority assistance is also coming from Michigan Department of Transportation, Department of History, Arts and Libraries, and DLEG's Land Bank Fast Track Authority and Wayne County.

Assisting Employers & Jobless Workers

Michigan Department of Labor & Economic Growth Accepting Applications for Workers' Compensation Appellate Commission Through May 4: Applications for a position on the Workers' Compensation Appellate Commission are being accepted by the Michigan Department of Labor & Economic Growth, Workers' Compensation Qualifications Advisory Committee (QAC). An applicant must be a member in good standing of the State Bar of Michigan and have five years of experience as an attorney in the field of workers' compensation or pass a written examination. The deadline for filing an application is May 4, 2006. Please see the agency's web site at <http://www.michigan.gov/wca> and go to "What's New" for more details. The written exam will be given in Lansing on May 18, 2006. Persons who successfully complete the exam and those who meet the five years of experience requirement must also be available for an interview by the QAC to determine their suitability for the position, especially with regard to their objectivity. Applications from those wishing to apply must be received by May 4, 2006. Application forms are available on the agency's web site at <http://www.michigan.gov/wca> in the "What's New" section or by calling 517-322-1106. The mailing address is: Qualifications Advisory Committee (Attn: Sue Bickel), Workers' Compensation Agency, P.O. Box 30016, Lansing, MI 48909.

Michigan Businesses to Benefit from Drop in Workers' Comp Rates: Gov. Granholm announced positive news for Michigan's business climate as premium rates for workers' compensation insurance are expected to drop by an average 6.5 percent in 2006. The drop comes on the heels of an 11.2 percent drop in 2005 and an overall drop of 40.6 percent over the past 10 years. "The decline in the state's pure premium rate for workers' compensation is truly good news for Michigan employers," Granholm said. "It is a sign of the continually improving business climate in the state." The drop in average rates for 2006 is due in part to a reduced number of work-related injury claims due to well-developed safety programs; a reduction in manufacturing jobs, which by their nature have higher rates of injury; and a fee schedule which controls medical costs for work-related injuries and is revised annually by the state's Workers' Compensation Agency. "Our workers' compensation program is doing an effective job of cost containment," said DLEG Acting Director Bob Swanson. "For example, a study issued in July by the National Academy of Social Insurance reported that the medical treatment costs in Michigan for work-related injuries averaged 33¢ per \$100 of payroll in 2003 compared to the national average of 57¢ per \$100." The state's quasi-public Data Collection Agency Board approved the 6.5 percent reduction in the average pure premium rate in July. The rate is the annual yardstick against which private insurance car-

riers can compare their rate structure for workers' compensation coverage for the coming year. DLEG Deputy Director David Plawecki explained that the pure premium rates are developed by examining historical loss data reported by insurance carriers for individual job classes and then analyzing how the data will be affected on a year-to-year basis by any law changes or court decisions.

Retailers Drop Self-insured Fund in Favor of New Mutual Insurer: The Michigan Retailers' Association (MRA) has converted its self-insured workers' compensation fund - the Retailers Fund - to a mutual insurer to cover its employer members. The conversion to the Retailers Mutual Insurance Company was approved by the Workers' Compensation Agency and the Office of Financial and Insurance Services and began operation on January 1. While the former Retailers Fund could only cover traditional retailers, the new insurance company can offer coverage to any member of the MRA. The association's membership has evolved beyond traditional retailers. The Retailers Fund had operated for 24 years and has generated \$3.8 million in premiums. The new Retailers Mutual Insurance Company will cover the fund's 1,000 employer members and offer coverage to MRA's 5,000 other members and to new members. The insurance company also retains responsibility for claims with dates of injury during 2005. The conversion of the Retailers Fund is the second to occur in Michigan. The first conversion became effective in 2000 when the Michigan Construction Industry workers' compensation fund changed from a self-insured fund to a mutual insurer.



Among the presenters at the seminars were: Rodger Palm, director, UIA Trust Fund, Tax & Employer Compliance; Joe Mulligan, SUTA analyst; Maura Dooley, analyst; Rose Pacis, director, UIA Tax Office; Neil Zechman, chief, UIA Administrative Law & Rules Section; and Thomas Johnson, an Assistant Attorney General based in Grand Rapids, who participated in the Grand Rapids session.

UIA holds SUTA Dumping Seminars for Employers:

The Unemployment Insurance Agency (UIA) conducted five free seminars for employers to explain recent changes to the state's unemployment insurance law and to describe how accurate employer reporting requirements deter the practice of SUTA Dumping. The seminars started in January and ran through February at sites in Gaylord, Grand Rapids, Lansing and Detroit. The day-long sessions also explained how employers can avoid SUTA Dumping when changing their business structures and how the practice negatively impacts on the state's UI trust fund. SUTA (state unemployment tax act) Dumping is the practice that some employers use to avoid paying their fair share of state unemployment taxes.

Federal Tax Credits Expire: The federal Work Opportunity Tax Credit (WOTC) and the Welfare-to-Work Tax Credit (W2W) expired at the end of December, but the Unemployment Insurance Agency, which administers the program in Michigan, has advised employers to continue submitting the required paperwork so the credits can be

issued if the programs are renewed, as expected. To claim the credits employers must submit IRS Form 8850 - "Pre-screening notice and certification request for Work Opportunity and Welfare-to-Work tax credits." The form must be timely in order for the employer to receive the credits once they are reauthorized by Congress.

MIOSHA to Check for Workers' Comp Coverage: The Workers' Compensation Agency (WCA) and the Michigan Occupational Safety and Health Administration (MIOSHA) have reached an agreement that expands WCA's ability to

check employers for workers' compensation coverage. As of Feb. 1, MIOSHA compliance officers, as part of their onsite inspection process, began asking employers if they have workers' compensation coverage. The agreement is a good example of interagency cooperation and expands WCA's ability to ensure that injured workers have workers' compensation coverage. Several months earlier, a similar agreement had been reached between WCA and UIA. Now, while visiting employers during their unemployment tax audits, UIA field auditors also inquire about an employer's workers' comp coverage.

Employer Community Honored for its Help with SUTA Legislation: Last spring the legislature passed and Gov. Granholm signed into law several changes to the state's unemployment insurance law intended to combat the practice of SUTA Dumping. The strong support and influence of several important members of the employer community helped secure the passage of this legislation. Recently, DLEG Deputy Director Dave Plawecki had an opportunity to recognize these groups - the Employers' Unemployment Compensation Council, Kelly Services, the Michigan Manufacturers Association, and the Michigan Retailers Association - and their leaders for their help with the legislation.

Attorney General to Prosecute Employer for Violating Youth Employment Laws: At the request of the Wage & Hour Division, the state's Attorney General will prosecute an employer for allegedly violating the state's youth labor law. The employer - Century Tool & Die, Inc., in Clarkston - had employed a 17-year-old minor and had him operating hazardous equipment. On April 4, 2005, the young worker was injured when the mechanical power press he was operating amputated the tips of four of his fingers. After learning about the accident from the Michigan Occupational Safety & Health Administration (MIOSHA), a Wage & Hour investigator probed the case and cited the employer for violating the state's Youth Employment Standards Act. The employer was charged with employing a minor without a work permit and employing him in a hazardous occupation. Each violation is punishable by up to one year in jail and a \$500 fine.

UIA Wins Agreements in 3 SUTA Dumping Cases: The Unemployment Insurance Agency (UIA) has reached settlements with two employers and a consultant for their involvement in separate unrelated SUTA Dumping cases. The consultant - a large accounting and consulting firm - is the first employer advisor to pay a fine for its involvement in SUTA Dumping. In a negotiated settlement, the advisor agreed to the payment of a \$25,000 penalty. The other two SUTA cases involve trucking and furniture companies. The trucking company set up a "captive" leasing arrangement in which it established a leasing company to which it shifted its employees and then leased them back, thereby avoiding some unemployment taxes. The employer agreed to reimburse UIA for nearly \$4,200 in unpaid UI taxes and interest charges. The furniture company closed its unemployment tax account and transferred its payroll to a newly established company with the lower "new" employer tax rate. The restructuring was inappropriate and resulted in a \$13,100 tax loss to the UI trust fund, which the employer has agreed to repay plus interest.



Above, John "Mac" MacIlroy, president of the Michigan Manufacturers Association (MMA), and Amy Shaw, MMA director of Education & Employment Relations, accept an award on behalf of the MMA. Below, DLEG Deputy Director Dave Plawecki poses with Larry Meyer (left), chairman and chief executive officer of the Michigan Retailers Association (MRA), and James Hallan, MRA's president and chief operating officer.



Nolish Named WCA Director; Gorchow Becomes Magistrates Chair: Jack Nolish was named director of the Workers' Compensation Agency. Prior to his new appointment, Jack had been chair of the Board of



Jack Nolish

Magistrates. He was appointed to the Board by Gov. Granholm in February 2004 and was named Board chair two months later. Prior to joining the Board, Nolish had his own private law practice following 27 years with Mekler, Nolish, Friedman and Associates, PC, where he handled workers' compensation and other claims. He has also served as a legal expert, lecturing before professional groups and testifying before legislative committees on matters relating to workers' compensation. Replacing Nolish at the Workers' Compensation Board of Magistrates is Murray Gorchow. Murray is the Board's new chair, effective Feb. 28th after serving as acting chair. He was originally appointed to the Workers' Compensation Board of Magistrates by



Murray Gorchow

the governor in June 2004. Prior to joining the Board, Gorchow was an attorney and headed the workers' compensation section for the Detroit area law firm of Martens, Ice, Klass, Legghio, Israel and Gorchow, PC.

UIA Nets \$1.6M in Federal Grants for Integrity Improvements: The U.S. Dept. of Labor has awarded seven grants to UIA, totaling \$1.6 million to help strengthen the state's unemployment insurance program. The grants are part of \$63 million USDOL awarded to states throughout the country. The grant money will be used by UIA to prevent, detect and recover improper unemployment benefit payments, to promote re-employment of the unemployed and to strengthen the integrity and security of UI data. The new grants are in addition to \$112,000 the agency received earlier this year for training staff and implementing special software to help in the detection of SUTA Dumping.

WCA Sends Two Rules to Legislature: The Workers' Compensation Agency (WCA) has sent to the Legislature two new rules. One makes permanent an emergency rule, affecting group self-insurers, while the other involves health care service rules for 2006. The rule governing group self-insurers sets the criteria under which professional employee leasing companies can join a self-insurer group fund. The rule will provide group self-insurers with the information needed to determine if an applicant is an employee leasing company and to whom it will be leasing employees. The rule closes a potential loophole and maintains the principle that membership in group funds is limited to those from the same or like industries. On the health care side, the Agency has finalized rules that set medical service fees in 2006. For the first time in over a decade, significant controversy developed between employers and medical providers over reimbursement levels. In 2004, almost \$560 million in health care related costs were paid out through Michigan's workers' compensation system. The Agency's health care fee schedules have been credited as a major factor in containing Michigan's workers' compensation insurance rates in recent years.

Average Weekly Wage Climbs 3.3%: The state average weekly wage (SAWW) in Michigan rose by \$19.19 to \$784.31 for the 12-month period ending June 30, 2005. The SAWW is used by UIA to calculate the maximum weekly unemployment benefit amount and the alternate earnings qualifier (AEQ) amount. The maximum benefit, however, is capped at \$362 a week. The new AEQ will increase by \$383.80 to \$15,686.20. The WCA uses the average weekly wage to determine benefit levels for workers compensation. The maximum weekly benefit for 2006 will be \$706, which is 90 percent of the SAWW.

Assisting Michiganians with Disabilities

MCDC Hosts Staff of State's New Supplier Diversity Program: DLEG's Michigan Commission on Disability Concerns (MCDC) has become the worksite for a former state representative and his assistant who have taken on the job of ensuring that people with disabilities have access to business opportunities with the state. Former State Rep. Doug Spade and Mike Clement, both of Adrian, are staffing the Department of Management and Budget's new Supplier Diversity Program. Doug is the new supplier diversity liaison, and Mike is a supplier diversity analyst. The two are being housed in the MCDC suite at the Victor building in Lansing to capitalize on MCDC's disability resources, including its many partnerships in the disability community. Their mission is to increase the amount of business the state does with firms owned by people with disabilities and veterans with service-connected disabilities. "MCDC is excited to be a partner in this important initiative," said MCDC Executive Director Duncan Wyeth. "We are particularly pleased that Doug and Mike are being housed in our office because their work will complement and enhance our mission of increasing employment opportunities for people with disabilities." The Supplier Diversity Program was created as part of Public Acts 90 and 91 of 2005 and is jointly funded by the Departments of Management and Budget, Labor & Economic Growth, and Transportation.